

BRAINSTORMING TABLE

	OPTION	PROS	CONS
A	Do nothing (keep 2003 Act 195 § 3 and status quo).	1. Easy	1. As history has shown, the problem will not go away and the Legislature will have to eventually resolve. 2. Gov't loses tax dollars. 3. Unfairness remains – those who own their own home and pay tax have to shoulder more. 4. Absue by some remains. 5. “Backdoor” skirting of the law remains. Per 9-28-04 testimony, some govt’s use other approvals to exact PILOT’s or restrict nonprofit locations.
B	Adopt Homestead as “means test” to limit exemption for “benevolent” under 70.11(4).	1. Easy to legislate. 2. Single statewide values (\$24,500) insulates dollar-limit from attack (limit is same throughout state). 3. Only units occupied by needy get exemption. 4. Makes exemption more fair to those who own home and pay tax. 5. Starts to add clarity to “benevolent.”	1. Annual data-gathering and reporting on income of inhabitants. 2. Exempt status of unit changes depending on income of inhabitant.
C	Adopt % of county median income as means test to limit exemption.	1. Only units occupied by those below limit get exemption.	1. Depending on % and county-income data, could be unfair to those who own their own home and pay tax. 2. Different income data for different counties results in different exemption limits in different parts of the state. Could be attacked under constitution (equal-protection and uniformity).
D	See WI statutes “words and phrases” for existing definitions of “low income,” “poverty line,” and “needy person.”		

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E	Legislatively mandate “PILOT’s” for “benevolent associations” exempt under 70.11(4).	<ol style="list-style-type: none"> 1. Nonprofits seem willing to do. See nonprofit reports from 2000 “benevolent retirement home” taskforce. 2. Per 9-28-04 testimony, nonprofits are voluntarily doing this already in certain places. 3. Cities get paid its city-share. 4. Nonprofit pays for city services it uses (police, fire, street lights, snow plow, etc.). 5. Would be more fair because the Legislature already mandates PILOTS from other exempt entities. 6. Already mandated for public housing authorities. Exempt under 70.11(18), but pays PILOTS under 66.1201(22). If <u>public</u> housing authorities who lease to low-income tenants pay PILOTS, why don’t private housing providers pay? 7. State (exempt under 70.11(1)) pays PILOTS. 70.119. 8. DNR (exempt under 70.11(1)). Pays PILOTS. 70.114(4). 9. UW Hospitals and Clinics Authority (exempt under 70.11(38)) pays PILOTS. 70.119. 10. Redevelopment authorities pay PILOTS. 66.1333(12). 11. SWIB pays taxes. 70.115. 12. Why don’t other exempt entities pay? 	<ol style="list-style-type: none"> 1. Could, perhaps, be challenged under Uniformity Clause as a partial tax – however, <u>strong</u> case can be made that no constitutional amendment is needed. Supreme Court and Legislature already allow partial tax. See, Hagopian No. 2 Memo. 2. School district, state, voc-tech schools, etc. (other taxing bodies) do not get paid.
F	Lower 70.11(4) acreage limit from 10 acres to less for “benevolent associations” and prohibit corporate/entity spin-offs to circumvent new acreage limit.		
G	Abolish 10-acre limit for “benevolent associations” under 70.11(4), and establish dollar-value limit instead. Exempt entity gets exemption at assessed value up to \$X, and gets taxed at all value at or above \$X.		

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H	Exempt only the <u>land</u> “necessary for the location and convenience of buildings,” up to an acre limit, but tax the <u>improvements</u> of entities exempt as “benevolent associations” under 70.11(4).		
I	Define “benevolent” to require specific, defined notion of “charity.”	1. See, e.g. 70.11(3)(b) where Legislature used “charitable” instead of “benevolent.” However, there is no definition for “charitable.”	
J	Possibly tighten or limit other exemptions. See other categories in 70.11.		
K	Broaden “special charge” statute – 66.0627 – to effectively allow imposition of city-rate against all properties for all City services (exempts and nonexempts pay for City services).		
L	Delegate exemption authority to local governing body to determine “public purpose” (like 66.1105 TIF law’s “but-for test”) and whether entity’s operations lessen government burdens <u>in that community</u> , for <u>that parcel</u> so as to be entitled to exemption. See, e.g. 70.11(20)(d) where Legislature effectively delegated decision-making to County Board.		
M	If “benevolent association” is exempt from property tax, subject the exempt entity to a “special tax” or “special charge” that would have the effect of entity paying for local services. See Wis. Stat. § 74.01(4) and (5) for respective definitions of “special charge” and “special tax,” and see 70.112, “property exempted from taxation because of special tax.”	1. Constitutional requirement of uniformity of taxation does not apply to special charges. <i>Williams v. City of Madison</i> , 15 Wis. 2d 430, 113 N.W.2d 395 (S.Ct. 1962).	

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N	For “benevolent retirement homes for the aged”, besides an “income test,” also adopt an “age test.” See, e.g. 66.1213(4)(i)’s definition of “elderly person” as 62 or older. How about 65?		
O	WI Constitution Art. VIII Section I says “The rule of taxation shall be uniform but the legislature may empower cities, villages or towns <u>to collect and return</u> taxes on real estate located therein by optional methods.” Remove exemption for “benevolent associations” but authorize municipality to return to such entities a specified portion of the tax collected.		
P	Keep exemption for “benevolent association” but authorize county (and 1 st class cities) to impose an alternative tax the revenue of which can be used to provide direct grants to “benevolent associations” in the county (or 1 st class cities). See, eg, Wis. Stat. 45.10.		
Q	Call for California style referendums to infuse public input and awareness into exemptions.		
R	Have property-tax exemptions sunset on a regular basis so the Legislature can periodically review and decide whether, and how long, to renew particular exemptions. This periodic review by the Legislature is contemplated by 16.425(1).		
S	Remove property-tax exemption for low-income housing and increase homestead credit limit instead.		
T	Amend 70.11(4) so it has an exception like 70.11(4m) (i.e. “This exemption does not apply to property used for commercial purposes. . .”) and adopt definition of that exception from <i>FH Healthcare Development, Inc., et al. v. City of Wauwatosa</i> , 2004 WL 1822401 (Wis. App. Aug. 17, 2004), ¶20. That is the 70.11(4) exemption for “benevolent associations” would <u>not</u> apply when “profits are made.”		